

Central Intelligence Agency
Human Resource Modernization and
Compensation Task Force

Preliminary Report—July 1987

**Proposed Pay, Personnel Management,
and Compensation System**

Executive Summary

Proposed System Summary

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30 June 1987

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Intelligence
Deputy Director for Operations
Deputy Director for Science & Technology

FROM: Executive Director

SUBJECT: Draft Proposal on New Pay, Personnel Management and
Benefits System for CIA

1. As you know, the Human Resources Management and Compensation Task Force has labored long and hard for the past several months to review the Agency's pay, personnel management and benefits system. The resulting preliminary report is attached for your consideration.

2. Not surprisingly, the Task Force found room for improvement in our present personnel management and compensation system. But it also found a number of ways to make the system more responsive to the needs of the organization and our people. Several fundamental issues have been raised.

3. One such issue is whether you think we should try to do what we can to improve things within the confines of the present pay system, or whether you agree with the Task Force that the Agency can develop a compensation system of its own that is more relevant to our particular needs. Another important issue is whether you believe the Agency would be improved by a system in which annual performance awards to some degree replace promotions as a tangible expression of Agency recognition of exceptional employee performance.

4. We also need your views and suggestions on other, more specific issues, including those relating to the design, implementation and management of the new system and those that are presented here in the form of options. Finally, the Task Force hopes that you will raise questions or present ideas that might have been overlooked in the course of its deliberations.

5. There are two other points that you should be aware of. One relates to costs. In order to keep this report unclassified, and in the belief that cost considerations should be of concern primarily to senior managers rather than individual employees, I asked the Task Force to address the cost implications of each of the proposed system features in a separate, classified attachment. Please give us your comments on that section as well.

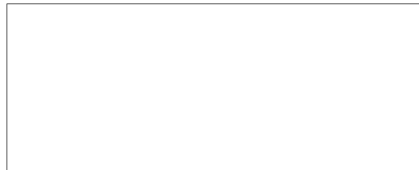
6. The other point relates to the final approval process. Everyone should understand that, even if there is widespread support for this proposal within the Agency and DCI endorsement, we will still need the cooperation of the Congress and the Office of Management and Budget to move ahead with many aspects of it. Implementation of some features may require legislation. Although the Senate Select Committee on Intelligence has reacted favorably to the general concepts presented here, the House Select Committee has not. It is our hope that a sensible proposal which had the strong support of Agency personnel and management, and could be achieved at reasonable cost, would have a good chance of gaining Congressional endorsement. But none of this is preordained.

7. Because of the significance of this proposal to the future of the Agency and our employees, we ask that you consult as widely as possible with your people about it and take as much time as you need to do so. (The Executive Summary and Chapter 1, the System Summary, will be distributed to all employees; supervisors will also receive Chapter 2, the more detailed System Design.) I have told the Task Force that we will try to obtain your reactions by 1 September. If you will need more than two months to review and comment on the report, however, we will take the necessary extra time. Please let me know as soon as possible whether you think you will need more time.

8. You should submit your Directorate views to me and your Task Force representative. You, your managers, and any of your people who have questions about the proposal should feel free to consult with your Task Force representative or the Task Force Chairman,

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Attachment:

The Task Force Report

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Human Resource Modernization and
Compensation Task Force

EXECUTIVE SUMMARY

In July 1986, then DCI William J. Casey presented to the Senate Select Committee on Intelligence (SSCI) CIA's strategy for addressing major personnel issues during the next decade. This strategy included replacing the General Schedule (GS) system, rethinking incentives, redesigning the career development structure to allow for expert and management tracks, and revitalizing our training and personnel planning program. With these personnel system improvements, he suggested that the Agency would be better able to attract and retain the high-caliber career force needed to meet increasingly difficult and diverse challenges in the years to come.

As a result of the DCI's initiative, the Human Resource Modernization and Compensation Task Force (HRMCTF) was chartered in November 1986 to develop the design of an improved personnel and compensation system without adding more than 2 to 3 percent to the Agency's personal services budget. In so doing, the Task Force studied some of the most creative and innovative approaches being used and tested in private industry and in other parts of the Federal Government. The purpose of this report is to present a preliminary draft design to the Directorates for their review and comments. Some features of the preliminary design would directly affect levels of compensation. Others focus on additional forms of recognition and incentives to ensure that the CIA remains an attractive place to work. Still others are aimed at reducing bureaucratic hurdles so that managers will have more flexibility in organizing their personnel resources to adapt to changing requirements. Some of these proposals are entirely new to the traditional Agency culture in the pay and benefits area. Other proposals will be familiar, representing only a refinement of what is best about the current system. What is presented here is a fully integrated system, but its many individual features leave much room for discussion of other options that may be incorporated in the final design. Many of the features, particularly those relating to banding and incentive pay, can be implemented within existing DCI authority. Other features, particularly those in the benefits area, would require additional authority. All of the changes would require Congressional and Office of Management and Budget concurrence.

Feedback is a key ingredient in the process of developing an improved personnel and compensation system. As stated from the beginning of the project, it is essential that any new Agency system be developed by and have the broad support of employees. To accomplish this, the Task Force has arranged for copies of the full report to be available at the Office and DO Division level throughout the Agency. Directorates are requested to submit their responses to the Task Force by 1 September 1987. In addition, individual comments and suggestions may be addressed to the Chairman or members of the Task Force. A revised report that incorporates views of individuals and Agency components will be offered for your review once again before submission to Agency management for approval in December 1987. Implementation of any changes would be phased in over a two-year period.

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Proposed Pay and Classification Structure

A key feature of the proposed system is a pay and classification structure that better relates compensation to performance, is more competitive with the private sector, and plays a greater role in attracting and retaining high-caliber people:

- **Occupationally Defined Bands.** The GS system has long shown signs of strain—witness the numerous “special pay scales” awkwardly superimposed in order to pay higher rates to certain hard-to-hire occupations. To facilitate market pricing, the Task Force proposes the Agency develop occupationally defined pay bands, linked to various levels of expertise—for example, entry level, journeyman, expert, and manager. Representatives of 28 occupations that account for 75 percent of the Agency’s work force already have met as occupational panels and have shown the feasibility of such a system, including an initial cut at the standards that would be used to determine pay and promotion (movement from band to band).
- **Market Pricing.** Under the current GS system, occupational market surveys are conducted to assess Federal pay vis-a-vis the private sector. These surveys result in governmentwide, across-the-board changes in the GS pay schedule, without regard to how a given occupation stacks up against the private sector or how important it is to an organization. This averaging process often results in pay levels for specific occupations that are lower than the market commands. The Task Force proposes that the Agency maintain up-to-date, occupation-specific pay rates by conducting *its own* periodic market salary surveys of that portion of the private sector that is on a par with CIA and competes for the same types of people. Those Agency occupations with no private-sector counterpart would be adjusted on the basis of an internal Agency comparison with occupations that can be market priced.
- **Funding Control.** Senior managers in government are saddled with funding, position ceiling, and promotion headroom constraints that extend well beyond understandable requirements for accountability. They often find themselves unable to make personnel adjustments, even when change will not require additional funds. The Task Force proposes that position classification authority be delegated to operating officials, permitting them to reclassify jobs within defined occupational pay levels and adjust numbers of personnel in their components, so long as they stay within predefined funding limits.
- **Incentive Pay.** Under the GS system, employees and managers tend to view promotion as the primary means to reward performance. Periodic step increases are associated largely with longevity, and quality step increases and other cash awards are rare—even for superior performers. The Task Force proposes separating the rewards for above-average performance at the current level from the kinds of rewards offered for substantially increased responsibility. The proposed system of broad occupational bands would introduce a pay-for-performance or incentive pay system that would permit varying combinations of salary increases and bonuses to reward varying levels of performance. Under the proposed system, all employees performing acceptably would receive an incentive award comparable with the current step increases, but higher performing employees—up to 50 percent of the Agency population—could receive a combination of salary adjustments and bonuses greater

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than this. Promotions (movement from one band to another) would be reserved for those who have clearly demonstrated the capability to take on the significantly greater responsibilities of a more senior level.

Performance Evaluation and Career Development Systems

An essential ingredient in any pay-for-performance system is an active performance evaluation and career development system. The Task Force proposes the following basic elements, allowing necessary Directorate flexibility:

- **Performance Plan.** Occupational panels would generate key job responsibilities and performance expectations for each level of the band. These would be computerized and available to managers as a guide when they sit down to customize performance plans for individual employees. The aim here is to ensure that employees know what is expected of them and to free supervisors from much of the performance plan *writing* so they can concentrate on *talking* with their employees.
- **Performance Evaluation.** A streamlined PAR system would facilitate evaluation of recent performance to determine incentive pay and readiness for promotion.
- **Career Development.** This segment of the preliminary design proposes a dual track system to permit advancement as either a manager or a substantive expert. The design also provides for occupational career handbooks that would spell out the responsibilities for each level in an occupation and identify the assignments, experiences, skills, and training that best prepare an employee for entry into and promotion within the occupation. These handbooks would be used by employees, career service panels, and managers.
- **Training.** Employees will have more training available to them. This training will focus on the specific skills needed by each occupational grouping to sharpen existing job skills and enhance the skills needed for career development. In addition, more efficient and creative ways will be used to get the training to employees at their job site.

Benefits

No Federal agency can hope to match the best of the private sector in total pay and benefits, but the Agency can improve its posture by taking a more modern approach. The Task Force offers the following examples:

- **Flexible Benefits Program.** This system would give employees greater latitude to direct government money into the particular benefits the employees need and to use their own pretax dollars to buy enhanced levels of qualified benefits. This flexibility is increasingly important as the demographics of the work force change to include more dual career marriages as well as single workers with and without children.
- **Annual Leave.** Every year Agency employees forfeit more leave than employees of any other Federal agency. The Task Force believes that the work ethic that often results in large losses of annual leave benefits should be rewarded and has proposed a variety of improvements intended to reduce the amount of leave lost. Recommendations include: a proposal to increase annual leave carryover for midlevel managers and experts who currently account for most of the lost leave; a provision to allow annual leave to be cashed in or used as collateral for dependent educational

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tuition loans; and a proposal to establish an Agency *sick leave bank* from annual leave that would have been forfeited to provide additional sick leave for employees faced with *catastrophic* illnesses.

- **Other Benefits.** The Task Force proposes various incentives to help the Agency maintain and adjust the characteristics of the work force, for example, to ensure that the best midlevel employees can continue to see opportunities for advancement. Among these proposals are retention bonuses and early retirement options.

Additional details on these proposed features are in the System Summary section. Those desiring even more information on the new system should consult the System Design section. Each provides a greater level of specificity geared to meet the needs of various readers for information about the new system.

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PROPOSED SYSTEM SUMMARY

CIA faces increasingly difficult and diverse challenges in the years to come. Ensuring that we will be able to attract and retain the caliber of personnel we need to meet the challenges of the future is a key objective of our strategy. Competition with the private sector for certain key occupations is a significant problem today, and the demographics of the country as the baby bust generation reaches the marketplace ensure us that this problem will spread to other occupations and that competition will intensify. In view of the security constraints associated with our mission and the complexity of our challenges, we must have a personnel and compensation system that allows us to compete effectively for the employees we need.

The proposed design touches on virtually every aspect of the personnel and compensation system. Obviously, the design includes features that will improve compensation. In some of the most marketable occupations, however, CIA can never match the private sector; and, in fact, employees driven primarily by money do not work for CIA. The target employee of this design is the employee who thrives on the unique challenges only CIA can offer. The proposed system is designed to provide recognition and incentives to this type of employee, to reinforce a sense of accomplishment, and to make CIA a more attractive place to work.

The proposed system is also designed to give managers the tools to compete for the talent they need and give them the flexibility to restructure the work force to meet changing mission requirements.

Table 1 is a summary of the proposed improvements to the current personnel and compensation system, which illustrates the features that will enhance CIA's ability to continue to attract and retain high-caliber employees. It describes the proposed new system from three vantage points—that of the employee, the line manager, and the senior manager.

The pay and classification features would affect only General Schedule (GS), secretarial, and commo-banded employees. Changes recommended in the performance evaluation, career development, and benefits systems would be applicable to all.

Proposed Pay and Classification Structure

Feature 1—Occupationally Defined Bands

- CIA-specific market pricing of occupations.
- Funding control replacing position ceiling and average grade.
- Job classification authority delegated to Directorates.

One of the most visible features of the current personnel and compensation system at CIA is the use of the GS. CIA is not bound by law to follow this governmentwide pay and classification system; but, by virtue of the fact that we have always employed it and because any changes would involve the expenditure of funds, CIA must coordinate closely with the Office of Management and Budget (OMB) and Congress and ultimately receive Congressional concurrence with respect to significant departures from our current system.

The GS is a position classification and pay system. To meet our requirements, we have used our special authorities to modify the administration of the GS system. We also have created special pay scales for engineers and scientists that are different from those in the GS. Despite these adaptations, continued linkage to the GS system and the governmentwide salary survey process constrains our ability to structure and pay our work force in an optimum manner to execute our mission. This constraint is inherent in the GS system and to be removed requires a complete break from the GS.

Market Linkage

The Office of Personnel Management (OPM) maintains the GS salary schedule for the Federal Government, following the premise that the Federal system is a single employer. Market surveys conducted by the Department of Labor report average salary data paid to positions comparable with the generic government positions for all types and sizes of employers. This market survey process provides the basis of the "comparability" increase given to all grades governmentwide. Because these surveys average over a wide spectrum

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Table 1 Proposed Improvement in Personnel and Compensation System

Vantage Point	Improvements in Ability To Attract and Retain Employees	Relevant System Features														Data Processing	
		Pay and Classification Structure		Performance		Career Developments						Benefits				Planning Tools	
		Occupationally Defined Bands	Incentive Pay	Plan	Evaluation	Occupational Handbooks	Individual CD Plans	Occupation Specific Training	Training Accessibility	Dual Track	Promotion	Flexible Benefits	Leave Conversion	Tuition Assistance	Staffing Management Tools	System Controls	Projection Tools
Employee	Better articulated career development guidance					X	X										
	More efficiently identify opportunities within CIA					X											
	Expanded opportunity to advance as an expert									X							
	More relevant and available training					X		X	X								
	Improved performance and career-related communication with supervisor			X	X		X				X						
	Better than average pay for better than average performance		X														
	Improved salary potential	X															
	Benefits better adapted to needs and better utilizing the tax law											X		X	X		
Line Manager	Better recognize performance of employees with pay		X													X	
	Dynamically adjust position structure within budget constraints at component level	X														X	
	Mechanism to retain experts	X	X							X							
	Better assist employees to develop their careers			X		X		X	X		X						
	More effectively locate viable candidates within CIA					X											
Senior Managers	Adjust occupational pay by CIA market pricing (within cap)	X														X	X
	Offer more competitive total compensation package		X									X	X	X	X		
	Set pay by CIA classification standards/priorities	X														X	
	Better project market/talent pool for which CIA competes																X
	Better project/plan for demographic trends within CIA																X
	Tools to deal with changing demographics							X		X		X	X	X	X		

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of jobs, they often yield pay levels that are lower than those required to recruit and retain people for certain key jobs in CIA. Furthermore, these surveys average over all sizes of companies and over all regions of the country, reducing their relevance to CIA.

The practice of giving the so-called comparability increases to all GS grades governmentwide, independent of occupation, does not match market reality. As demonstrated by the market survey conducted by our consultant, Towers, Perrin, Forster and Crosby (TPF&C), required salary adjustments often differ by occupation. Merely providing uniform adjustments for all occupations dilutes the effectiveness of the increases for the very employees whose occupations are most disadvantaged relative to their private-sector counterparts. Furthermore, governmentwide adjustments will never be sensitive to internal CIA demands, e.g., the need to offer competitive salaries to specific occupations in CIA that, for one reason or another, require special attention. The only way to guarantee sensitivity to internal CIA needs and focus market comparison on that portion of the private sector that is actually comparable with CIA occupations is to break the link to GS and develop a pay and classification structure that facilitates occupation-specific adjustments.

The Task Force examined the feasibility of such an occupationally based pay and classification system. We did this by gathering representatives of occupations that constitute about 75 percent of CIA's employee population; operations officers in the DO, project management engineers in the DS&T, budget and finance officers in the DA, and analysts in the DI were included among these occupations. The representatives of each of these occupations were able to define meaningful bands—as few as four and as many as six. These occupational bands had definable distinctions such as entry level, journeyman, and senior manager, which was not the case for the more numerous and arbitrary distinctions required when GS grades were employed. With fewer levels in a structure with occupationally defined bands, some of the occupational representatives cautioned that a mechanism must be developed to replace the identity and recognition that GS grades provide today. Although this issue was not resolved, many felt that other forms of recognition and identity, such as institutional titles, would evolve to take the place of GS grades.

Although considerable effort remains to completely define the band structure for each occupation, its feasibility for CIA occupations was demonstrated by the occupational panels, and thus, a pay and classification system based on such bands has been included as a central feature of the

proposed design along with the provision that CIA have control of the market-pricing adjustments to a basic CIA pay structure within the Congressionally mandated pay cap.

Funding Control With Classification Delegated to Directorates

The proposed pay and classification system also contains features that will make it more flexible than our current system in allowing senior managers to structure and adjust the work force to meet changing demands. Personnel resources, unlike other resources, are provided to senior managers with funding and position ceiling constraints. Ceiling constraints are manifested to managers in many forms including the cumbersome process associated with today's position audits that are driven by average grade and promotion headroom constraints.

Even though the issue ultimately is budget, a manager seeking to adapt to changes in his mission does not have the freedom to change the number of employees in his component or the grade level of positions even if the change does not require additional funds. There is, of course, a certain amount of trade-off today between ceiling and available funding but at a level that is out of the reach of the typical line manager. Two key features of the proposed pay and classification system are the delegation of classification authority to the Directorates and the use of personal services funding only (not position ceiling or average grade) to constrain the structure of the work force. It is further proposed that the Directorates be permitted to redelegate these authorities. This means that a manager, using a computerized position description data base, would be able to create or eliminate positions within his/her component as long as appropriate position descriptions exist in the data base. Thus, these managers would have the authority to adjust dynamically position structure and the number of personnel in their components provided they meet predefined budget criteria. The Department of Defense has been granted relief from civilian personnel ceiling constraints through the appropriations process, and we should seek similar relief.

Conversion of our present work force to occupationally defined bands will require minimal costs, assuming we initially make no significant adjustments to current occupational pay levels. As CIA market pricing is exercised in future years, we can anticipate additional outyear costs. These costs,

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however, are within our control and can be defended using these market-pricing data.

Occupationally defined bands can be implemented within the current GS without CIA conducting its own market pricing. In fact, all government banding experiments to date, with the exception of the recently approved National Bureau of Standards program, have been implemented within the current GS. The advantage of a banded pay and classification system is that artificial grade distinctions are eliminated. Implementation of occupationally defined bands can be accomplished within existing authorities in much the same way as the GS has been modified by CIA to meet special needs. The structural alternatives for the classification and pay system are summarized in table 2. It is important to recognize that all the features of the proposed new personnel and compensation system, with the exception of CIA-controlled market pricing, can be implemented even if GS grades are retained.

Feature 2—Incentive Pay

- Up to 50 percent of employees would receive incentive pay larger than current in-steps.
- All employees at an acceptable level of performance would receive at least the equivalent of the current in-steps.

The private sector generally makes much more effective use of permanent salary increases and bonuses to reward the performance of employees than we do at CIA, even though provisions exist within the GS structure to reward performance of employees in much the same way that the private sector does. Combinations of budget and bureaucracy have made delivery of these rewards within the GS system much less widespread and effective. The government annually expends considerable funds on permanent step increases, yet employees who receive these increases find little reason to relate them to performance. Thus, the money CIA spends for these in-steps has, at best, a neutral impact on the employee's performance. Moreover, the mechanisms for delivering bonuses such as special achievement and exceptional accomplishment awards as well as quality step increases have proved to be substantial deterrents for their routine use. For example, GS-13s through GS-15s in CIA received only one-tenth the cash value of the awards for the same grade levels in government agencies that use Merit Pay, and the Merit Pay system is not generous by private-sector standards. In fact, it is misleading to compare government salaries of CIA employees with those of their private-sector counterparts without factoring in

the average bonus. The private sector, particularly for the more senior grades, refers to *bonus* as salary-at-risk, and the portion at risk is typically at least 10 percent and substantially more for more senior employees.

Incentive pay is another key feature of the proposed system and is composed of a combination of permanent salary increase and bonus, both based on performance. The proposed incentive pay adjustments guarantee that employees who perform acceptably will receive an annual incentive pay adjustment equal to what they would have received under the GS system. Moreover, approximately 50 percent of our employees would receive incentive adjustments larger than they would have received under the GS system. These incentive pay adjustments could range up to 10 percent or more of base pay, depending on employee performance. Although these are not large incentive rewards by private-sector standards, they do represent meaningful distinctions between levels of performance.

From the vantage point of supervisors and managers, incentive pay provides a mechanism to reward their employees. Incentive for performance is more effective if the employee's supervisor is more directly included in the decision as to the eligibility for and amount of the reward. The proposed design is to distribute funding for incentive pay and to delegate the decision for the size of the reward to the lowest practical level. Preferably, the decisions would be made through a ranking process by a panel on which the employee's supervisor serves. Some Directorates, notably the DO, with a large overseas contingent, require that panels be convened with a different composition. The proposed incentive pay system would be no more difficult to administer than current promotion panels and could be done concurrently, thus minimizing any increased administrative burden. The panel would rank and recommend an incentive pay award for each employee that would be expressed as a percentage of base pay.

Incentive pay could be implemented using the GS system; however, its implementation in a structure with occupationally defined bands has an advantage. In the current system with GS grades, promotion is frequently employed to reward performance. Ideally, however, promotion should reflect demonstrated ability to assume greater responsibility at a more senior level. The broad occupationally defined bands typically encompass a salary range almost twice that of a GS grade and provide increased ability to continue rewarding performance over a long period of time without

Table 2
Structural Alternatives
for Personnel System

		Constraints Associated With Structural Alternatives				
Constraint	Description	GS	CIA Version of GS	Occupationally Defined Bands		
				GS Linked	Floating Bands (With Staffing Ceiling)	(With Funding Constraint Only)
Government wide classification system.	Does not contain Agency unique factors or weights.	X				
Fixed grade structure for all occupations.	Grade distinctions not always meaningful in each occupation.	X	X			
Salary adjustments determined by OPM market survey.	Comparability adjustments determined based on a market survey made across a very broad segment of the private sector and are not occupation specific.	X	X	X		
Personnel ceiling.	Ceiling combined with funding are basis that Congress and OMB monitor our work force.	X	X	X	X	
Personal services budget.	If constraints were only on funding, headroom could be traded for number of personnel.	X	X	X	X	X
Salary cap.	Congressionally imposed maximum salary.	X	X	X	X	X
Legislative considerations.		OPM is developing significantly revised structures, including banding. If we wait we may have new structure imposed.	CIA has made modification to GS and adapted it to our needs.	Employed in several Congressionally approved experiments, for example, China Lake, Naval System Center in San Diego.	Congress authorized NBS to perform its own market surveys in its banding experiment.	On experimental basis, DOD civilian pay is constrained only by funding.

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the need to increase the level of responsibility that promotions should signify. For this reason, the Task Force has proposed implementation of incentive pay within an occupationally defined band structure.

Proposed Performance Evaluation System

The employee survey conducted at the direction of the Task Force confirmed that the sense of accomplishment, motivation, and morale of Agency employees depends heavily on the performance evaluation system. It also confirmed that few employees believe that the current performance evaluation process is working as well as it should. The importance of the performance evaluation system would be further accentuated if incentive pay is adopted. The employee survey identified a perceived lack of employee-supervisor communication to be at the heart of most employees' problems with the current system. Just as supervisor-employee communication is vital to system success, so too is the need to keep the administrative workload for supervisors as low as possible and to train managers and employees in the system. Thus, improved communication, without substantially adding to the administrative workload, is emphasized in the proposed performance evaluation system. The proposed changes are not radical. They build on the strengths of the current system and are evolutionary in nature.

Feature 3—Performance Plan

At the beginning of each rating period, the supervisor, working with the employee, would prepare a performance plan. This plan would describe the key responsibilities of the employee and the expectations of the supervisor for the specific rating period. Preparation of the performance plan is facilitated by information available in a data base prepared by members of that occupation. Although the supervisor is free to customize or entirely disregard this information, its ready availability can simplify administrative requirements. With the general description of responsibilities already prepared, the supervisor can concentrate on describing specific expectations for the rating period tailored to the individual employee. The actual written material in such a plan can be a few lines. In the proposed system, the plan would be discussed and updated as necessary at least once during the rating period. These update sessions would be brief with no written material if the specific expectations have not changed. If they have, the sessions can focus on the changes with only a few lines of written material required.

Feature 4—Performance Evaluation

With an automated performance plan, the evaluation process would be less complicated. The performance evaluation form would be based on the key responsibilities listed in the performance plan. The supervisor, using the expectations in the performance plan, would indicate his or her judgments about the employee's performance on each responsibility. The proposed evaluation form would be set up to foster comments specifically on each job responsibility; and comments should be more relevant than the lengthy remarks on many of today's PARs—too often today the comments on PARs are not tied to the employee's responsibilities. As with the current PARs, the proposed evaluation form would contain a section for reviewer's comments and a section for the employee's comments.

The proposed performance system would entail two costs. First, each employee and supervisor must be trained on how to use the plan and evaluation features of the proposed system. Second, a data base must be built and maintained that provides the automated support for the performance system.

Proposed Career Development System

A vigorous Career Development System is vital to employees and the organization. To the employee, career development means recognition, professional growth and satisfaction, and salary increases. To the organization, career development is the mechanism through which the future is guaranteed.

Feature 5—Occupational Career Handbooks

In the proposed system, representatives of each occupation would develop occupation-specific handbooks that articulate the responsibilities of each level in that occupation and the assignments, experiences, skills, and training that best prepare an employee for each level. Such handbooks exist today in some Directorates; this feature merely builds on that concept. These handbooks are at the heart of the career development improvements in the proposed system. They would be the key reference document for employees who are planning their careers, as well as guides to managers and promotion panels, ready reference for relevant training, and source material for employees who are considering a career change. These handbooks are to be living documents routinely updated by members of each occupation.

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Feature 6—Individual Career Development Plan

Each individual is ultimately responsible for his or her own career, but the occupational career handbooks would, for the first time in many occupations, provide a consolidated source of guidance. In the proposed system, each employee would have the option of preparing annually an Individual Career Development Plan. This plan would be a catalyst for employee-supervisor discussion on how the employees could most effectively achieve their career objectives. These plans would include formal and on-the-job training each year as well as discussion of appropriate assignments for the future. In the proposed system, supervisors would have added incentive to hold discussions because they would be evaluated on how well they assist in the career development of their subordinates.

Feature 7—Occupation-Specific Training

Under the proposed system, representatives from each occupation would identify those training courses that would accelerate skills acquisition. Occupational representatives would meet with the Office of Training and Education annually to review courses, recommend improvements and changes, and work with OTE to help design, develop, and deliver training.

Feature 8—Improved Availability of Training

One of the most limiting features of the current training system is matching the availability of courses with the availability of the employee. Under the proposed system, training would be more readily available to employees through a variety of training modules that can be played on home VCRs or computers. In addition, more material will be put into computer-assisted instructional programs, correspondence courses, internally televised courses as well as courses taught by traveling teams.

Feature 9—Dual Track

- Expanded expert track opportunities.
- Additional annual leave carryover for non-SIS managers and experts.
- Increased incentive award potential.

Intelligence disciplines are not learned in school. Although there are academic degrees that prepare individuals to begin intelligence careers, for security reasons the process of intelligence gathering, analysis, production, and related support must be acquired essentially on the job. Individuals who excel in their intelligence occupations today and

who have demonstrated exceptional substantive capability are vital to CIA. Yet these are the very individuals who often are forced into management roles or join the private sector to realize their compensation potential. Although there are some opportunities for experts to progress to higher levels, there are many more opportunities for an employee to advance as a manager. In the proposed system, expert tracks will be identified for each occupation as appropriate. In general, the level at which the expert track begins is the same as that for which supervision begins as a responsibility. The expert track retains occupational identity and the salary potential equivalent to that of virtually the highest level of the management track for that occupation. The management track is occupation specific in the beginning but, at the executive level (SIS), has a broader Directorate- or Agency-wide focus.

Under the proposed system, managers would have more flexibility to shape their work force and to reward their employees, but along with increased authority would come increased accountability. Currently, how well managers handle their personnel management responsibilities is implicitly covered in their performance evaluations. In the proposed system, managers would be evaluated, not only on their substantive responsibilities, but also explicitly on how well they manage the performance evaluation process and develop their employees. Experts, on the other hand, would be evaluated on how well they execute their independent programs or projects. Members of both management and expert tracks would be eligible for two additional benefits. First, the maximum performance bonus award would be higher than for other employees, that is, up to 15 percent. Second, non-SIS members would be able to carry over an additional 20 hours of annual leave for each year in the program up to a maximum of 120 hours above existing ceilings of 240 or 360 hours.

Feature 10—Promotion

The distinctions between levels in an occupation would be articulated in the proposed occupation-specific Career Handbooks. Panels for each occupation would use these distinctions in skills, assignments, experiences, and training as guidelines in making promotions. These handbooks will assist the panels in maintaining uniformity and consistency and will assist the employees in preparing themselves for promotion by letting them know what is required for promotion. Under the proposed system, promotions would be worth at least a 10-percent increase in base pay.

Proposed Benefits Program

In competing with the private sector for talent, total compensation, which includes pay and bene-

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fits, must be considered. As with pay, CIA cannot match all of the benefits the best of the private sector has to offer. CIA can improve its competitive posture, however, by making more effective use of the funds now spent on employee benefits and by judiciously adding new benefits that involve additional funding in order to provide tools for dealing with specific, well-focused recruitment and retention problems.

Feature 11—Flexible Benefits Program

The first nonpay compensation feature in the proposed system is called a flexible benefits program. Under the government's present system, there are only two sources of money—the government and the employee—with which to pay the cost of benefits. The government's contribution is limited to a fixed percentage of medical and life insurance premium costs. Additional benefits are paid solely through the employee's contribution. Flexible benefits allow the employee to redirect some of this government contribution into benefit plans more tailored to his or her needs. In this type of program, an employee would be given *flexible credits*. These flexible credits are an amount, at the disposal of the employee with which to *buy* the exact benefits package suiting his or her needs at a given point.

The program has three attractive characteristics. First, it allows the employee to use more efficiently whatever money is spent on benefits to meet his or her needs. Second, the program can save the employee money through the more effective use of existing tax laws. A flexible benefits program allows the employee to pay certain health and dependent care expenses and other qualified benefits with pretax dollars. Third, a flexible benefits program allows the employee to exchange some annual leave for additional flexible credits or exchange flexible credits for additional annual leave.

Many of the large private-sector firms with which we compete for employees have very attractive flexible benefits programs. In order to compete effectively, we must design and continually update our benefits program to make effective use of available funding and provide employees the flexibility to obtain the benefits they need. This flexibility will be of increasing importance as the demographics of the work force change to include not just the traditional family but also dual career marriages as well as single workers with and without children. The Task Force assembled 20 groups of employees (focus groups) to discuss benefits and react to the possibility of a flexible benefits program. The focus groups indicated that a flexible

benefits program would, in fact, allow employees to tailor benefits more closely to their needs. At the same time the exercise demonstrated the potential tax advantage for the average employee of a flexible benefits program.

The proposed system includes the design over the next year of a flexible benefits program for submission to Congress and possible implementation in the FY 1990 budget. Although the private sector has successfully designed plans that benefit its employees, what we propose would be a pioneering effort in the Federal Government. The final decision to implement a flexible benefits program would be made only if we demonstrate that the plan design would be advantageous to our employees and if we obtain the necessary authorities and approvals.

Feature 12—Leave Conversion

Annual leave is an important element in the overall nonpay compensation of government employees. The primary approach taken by the Task Force in maximizing the effectiveness of annual leave as an employee benefit is to incorporate it into the flexible benefits program. In this approach, the employee could buy or sell annual leave. If implemented in the flexible benefits program, the first two features proposed below may become less significant.

Annual Leave Buy Back

Under the current system, employee dedication to the work ethic often results in forfeited leave. To remain competitive, private-sector firms reinforce and reward such dedication by allowing the employee to cash in such leave. Under this proposed feature, authority would be sought to allow non-SIS employees to cash in some of the annual leave that cannot be taken because of exigencies of official business. To encourage employees to take off at least two weeks in the year, only those hours beyond the first 80 hours earned in a leave year would be considered in this program.

Although SIS officers can accrue leave indefinitely, these leave balances can only be tapped at retirement. Under this proposed feature, SIS officers could elect to cash in their annual leave balances over 500 hours. This feature is better for both the employee and the government. The employee gains access to the funds before retirement, and the government saves money because the cash in is at the current salary rate rather than at the rate in effect at the time the employee retires.

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Optional Conversion to Sick Leave

We also propose to seek authority to allow forfeited annual leave to be converted to sick leave. This involves no substantial cost to CIA because no payment is required to the employee, but it does provide the employee additional short-term disability protection. This converted sick leave would not count in calculating a retirement annuity, but the employee would be able to use the converted sick leave before drawing down on normal sick leave.

Sick Leave Bank

The Task Force proposes that we seek authority to enable employees to donate to a sick leave bank annual leave that otherwise would be forfeited. Employees in need could apply to the Director of Personnel for leave in the bank. All applications would require validation from the Office of Medical Services.

Home Leave Use

As with annual leave, many employees are unable to use all their home leave. Under this proposed feature, authority would be sought to allow employees to use their home leave balance in the 12-month period before retirement to obtain retirement counseling, to make necessary personal and financial arrangements, and to transition into retirement.

Feature 13—Educational Assistance for Dependents

- Loans secured with annual leave.
- Thrift loans.
- Loans subsidized by CIA.

One of the most difficult expenses for many employees to bear over the course of their careers is the cost of college for their children. Not only are the costs of education high, but the average salary at CIA is too high to qualify for government-subsidized student loans. The Credit Union provides loans for educational expenses without the income restrictions that apply to the government-subsidized loans and with more realistic loan values—namely, \$20,000 per year per dependent versus the \$12,500 total per student for the entire undergraduate career with the government program. Unlike the government program, however, the Credit Union charges higher interest rates (currently 10 to 11 percent versus 8 percent for the government loan) and has a shorter repayment term (five to seven years versus 10 years after college is completed). There are three approaches

proposed below that would significantly ease the burden on the employee of coping with educational expenses.

Leave Secured Loans

Leave balances can have considerable cash value. A proposed system option is to seek authority to make such leave balances available to secure educational loans through the Credit Union. These loans would be at preferred interest rates.

Thrift Loans

There are provisions in the Federal Employees Retirement System (FERS) Thrift Savings Plan for borrowing money for a number of expenses, including education. The Thrift Plan managers have not yet developed the terms of such loans. Employees, especially younger employees, have the potential of building a sizable balance in their Thrift accounts. Because CIA does not manage Thrift, a specific system feature cannot be proposed. Rather, CIA would work with the Thrift Plan managers to see whether favorable terms for such loans can be incorporated in the Plan. Effective interest rates for educational expenses as low as a few percent have been incorporated into such annuity loan programs elsewhere.

CIA-Subsidized Student Loans

In this proposal, we would seek authority to allow the Agency to guarantee repayment of loans made through the Credit Union to dependent student borrowers. The CIA would subsidize the interest rate by approximately 3 percent. Thus, if the market rate were 11 percent, the actual rate to the student would be 8 percent.

Feature 14—Staffing Management Tools

- Early retirement for experts and senior managers 50 years old with at least 20 years of Federal service, 10 years with CIA, five of which were as experts or SIS-level managers.
- Optional/involuntary retirement for employees 50 years old with 20 years of Federal service or any age with 25 years of service.
- Retention bonus provided to an employee at DCI discretion.

An effective personnel and compensation system must be equipped with the mechanisms necessary to maintain and adjust the characteristics of the work force. Early voluntary and involuntary retirements can be used as retention tools and to control the composition of the work force. Senior officers considering leaving CIA may be induced to stay if there is an attractive early retirement program, and midlevel officers may be induced to

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stay by the enhanced flowthrough (and increased opportunities) that such programs offer.

Early Retirement for SIS Managers

Authority would be sought to provide for early retirement eligibility (50 years old with 20 years of Federal service) with unreduced benefits to SIS officers with at least 10 years of Agency service, five of which were as an SIS officer. This proposal is intended to provide flowthrough into the senior management ranks as an incentive to retain our top midlevel officers aspiring to senior management.

Early Retirement for Experts

Authority would be sought to provide for early retirement eligibility (50 years old with 20 years of Federal service) with unreduced benefits to selected experts who have at least 10 years of Agency service, five of which were in a designated expert position. This proposal is intended to make it more attractive for these experts, who typically work in a number of organizations during their careers, to give the Agency 10 to 20 years during the prime of their career with the understanding that they will be eligible to take a meaningful retirement annuity with them to a new career.

Involuntary Retirement

Authority would be sought to provide for involuntary retirement eligibility without penalty, during a reduction in force (RIF) or reorganizations, for employees who are 50 years old with 20 years of Federal service or any age with 25 years of service. The annuity computation for such employees would increase the rates for the first 20 years of Federal service for such employees to 1.7 percent under FERS or 2 percent per year under CSRS.

Retention Bonus

The private sector employs what can be characterized as a retention bonus as an inducement for key individuals to remain. The military has long used reenlistment bonuses to encourage personnel to sign up for another tour. The retention bonus can be used as a tool to control the composition of the work force and is proposed for consideration as a feature of the system.

Proposed Data-Processing Support

Data processing is an essential tool to limit the administrative overhead of the personnel and compensation system. Virtually every feature discussed has data-processing implications. Two data-processing tools that will provide support for planning in the proposed system are discussed below.

Feature 15—System Controls

The Task Force proposes that a budget control system be developed to allow senior managers to allocate monies for the personnel and compensation system. This control system would be hierarchical in nature, providing a combination of forecasting and reporting tools tailored to the needs of the individual manager. At the Agency level, the system would provide a combination of historical and future trend analysis tools for use in planning the Agency's future personal services funding requirements. At the Directorate level, the control system would provide a combination of tools to forecast the fiscal impact of major organizational realignments and shifts in work force structure projected into the outyears. It also would provide up-to-date information on the status of personal service funds at the disposal of the Directorate. At the operating level, similar tools would be required to provide the manager with immediate feedback on the current and outyear organizational changes that are within its control. Interactive tools to provide these services are now being developed and would be available to managers as an integral part of a new Human Resource System.

Feature 16—Projection Tools

The private sector routinely employs Human Resource planning tools to identify skills shortages and excesses and project what recruiting, retention, and retirement strategies are needed to properly structure the work force for the future. The proposed system will provide the required projection tools to serve this function. These tools will be made available to each component.

System Illustration

The proposed system involves changes to virtually every aspect of the current personnel and compensation system. The following tables have been prepared to assist employees in understanding how the proposed system might actually work for them. Table 3 contrasts certain features of the current Agency system with the governmentwide GS system and the proposed system. Table 4 shows how conversion to the proposed system might occur and illustrates five of its more prominent features—namely, occupationally defined bands, incentive pay, performance plans, performance evaluations, and promotion. The example, which uses the DO operations officer occupation, is strictly illustrative. The implementation details in this example were employed by the Task Force in evaluating feasibility of the features. These details, as modified by comments from the Directorates in this review cycle, would be the starting point for the detailed design phase. There would be full participation by the Directorates in this detailed design phase.

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Table 3**Salary Administration Systems Comparisons**

GS System	Current CIA System	Proposed CIA System
General Schedule Established under Title V of the US Code.	CIA Act of 1949 gives Agency broad personnel and pay authorities.	CIA Pay and Compensation System based on CIA authority. ^a
Job Classification Act of 1949: • Gives OPM classification authority for common Federal Government jobs. • FES Classification System used.	CIA Exempt From Classification Act: • Currently follows OPM's FES system with minor modifications. • OP/PMCD has job classification authority and issues pay schedules.	CIA Job Classification System: ^a • Covers all Agency occupations. • Job classification authority delegated to manager.
• OPM issues GS pay schedules.		• OP/PMCD advises.
Senior Executive Service (SES): • Has six levels. • Compressed by pay cap. • 56 percent eligible for bonuses in 1986; 38 percent actually received bonuses in 1986. • Unlimited leave accrual.	Senior Intelligence Service (SIS): • Same. • Same. • Same, however, 39 percent actually received bonuses in 1986. • Same.	SIS Under New System: ^a • Same. • Same. • Increased eligibility for bonuses. ^a • Option to cash in accrued leave.
General Schedule predominant pay scale for Federal employees: • Fifteen pay grades (30-percent pay range) and SES. • Each grade has 10 steps. • Each pay step increase about 3 percent. • Rank in Position System.	General Schedule: • Same. • Same. • Same. • Rank in Person System.	CIA Pay Schedule: • Twenty-five pay levels (50-percent pay range) and SIS. • No steps; open pay ranges. • Pay increase is percent of base pay. • Rank in Person System. ^a
OPM Special Pay Schedules: • GSE (engineers). • GSM (physicians).	CIA Special Pay Schedules: • More competitive than OPM's. • Also apply to physical scientists.	CIA Pay Schedule: • Incorporates occupation-specific pay rates.
Pay Adjustments and Awards: • Promotion—2 steps minimum (6 percent). • Longevity step increases.	Pay Adjustments and Awards: • Same. • Same.	Pay Adjustments and Awards: • Promotions—10-percent minimum pay increase. • Incentive pay ^a (permanent pay increases and bonuses based on performance) at least equal to GS for fully satisfactory; better for superior and outstanding performers.
• Quality step increases. • Awards—standard incentive awards and Presidential awards.	• Same. • Awards—standard incentive awards, unit citations, secretarial awards, employees of the year, and honor and merit awards.	• Awards—honor and merit awards, unit citations, exceptional accomplishment awards, and suggestion awards.
Merit Pay for Managers and Experts: • PMRS System for supervisors and managers, GS-13 to 15 level. • No system for experts.	Merit Pay for Managers and Experts: • Nothing comparable for either managers or experts.	Manager Expert Incentive Program: • Dual career tracks for experts. ^a • Higher incentive pay. ^a • Increased leave carryover. ^a • Option to cash in accrued leave. ^a
Pay Structure Adjustments: • PATC market survey recommends. • President approves. • Across-the-board comparability increase received by all GS employees.	Pay Structure Adjustments: • Same. • Same. • Same.	Pay Structure Adjustments: • CIA-directed market surveys. • DCI approves comparability increase. • Funds go into Incentive Pay Pool. • Awarded to employees after the annual performance evaluations.

^a Could be done under current CIA system.

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Table 4
How the System Works

Panel of Experts Defines the Occupation

- Operations Officer Occupation Career Levels:
 - Operations Officer I
 - Operations Officer—Hq/Field II
 - Operations Officer—Hq/Field III
 - Ops Off—Manager/Senior Officer IV
 - Ops Off—Senior Manager V (SIS)
 - Occupational training and development requirements.
 - Promotion guidelines.
 - Responsibilities, guidelines, and performance expectations common to jobs within the occupation.
-

Occupation Placed Onto Pay Schedule

Occupational levels are evaluated using an occupational job evaluation (position classification) system and placed on the CIA pay schedule. For example, with a 25-pay level schedule, the Operations Officer occupation might be assigned to the following pay levels:

Ops Off Level	Pay Level	Salary Range
I	12	(\$24K–\$37K)
II	16	(\$32K–\$48K)
III	18	(\$37K–\$55K)
IV	22	(\$48K–\$72K)
V (SIS)		

People Are Converted by Career Service Panels

Operations Officer Conversion:

Current GS Grade	New Career Level	New Salary Range
GS-11	I	(\$24K–\$37K)
GS-11/12	II	(\$32K–\$48K)
GS-13/14	III	(\$37K–\$55K)
GS-14/15	IV	(\$48K–\$72K)
SIS	V	

Example A

The Career Service Panel converts a GS-12, step 7 Ops Officer, based on the employee's experience and performance, to a Level II Ops Officer. The employee is converted at current GS-12 salary (\$39K per annum) to Level II (\$39K per annum).

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Example B**5**

The Career Service Panel converts a GS-14, step 6 Operations Officer to a Level IV Ops Officer-Manager rather than to Level III because of the officer's experience and performance. The employee is converted at current GS-14 salary (\$53.4K per annum) to Level IV (new salary is still \$53.4K per annum).

GS Step Prorated at Conversion**6**

Time completed toward an employee's next GS step is prorated and paid in a lump sum:

- **Example A:** The GS-12, step 7 Ops Officer has completed one of three years toward his step 8. At time of conversion, employee receives \$362 as lump sum for this one year.
 - **Example B:** The GS-14, step 6 Ops Officer has completed 22 months toward step 7 and receives eleven-twelfths of the step value, or \$1,398 as lump sum at time of conversion.
-

Performance Planning**7**

At the beginning of the evaluation period, supervisors communicate their performance expectations to employees:

- An automated data base for performance planning is available to supervisors. It houses the occupation-specific key job responsibilities and general expectations developed by the occupation. This information may be used in conjunction with tasks tailored to the individual's position that are added by the supervisor, or the supervisor may choose to create an entirely customized plan.
 - No long narratives or complicated processes like the previous Letter of Instruction (LOI) and the Advanced Work Plan (AWP).
-

Performance Review**8**

An ongoing review of performance and supervisory expectations should take place between the supervisor and the employee throughout evaluation period, but must occur at least once at midperiod.

Performance Evaluation**9**

A basic assumption of the proposed system is that all employees performing acceptably would do at least as well under the new system as they did under the GS. Using the information contained in the performance appraisal report, Performance Evaluation Panels annually rank employees and based on that ranking, recommend incentive pay. Incentive pay is divided into a permanent salary increase and a cash bonus. Amounts are determined based on general incentive pay guidelines provided by the Office of Personnel and the Office of the Comptroller. For example, the guideline might advise that employees ranked by the panel "Outstanding" could receive 8- to 12-percent incentive pay; those ranked by the panel "Superior," 4 to 7 percent. Employees ranked "Fully Satisfactory" could receive an incentive award comparable with that under the GS, namely 1- to 3-percent permanent salary increase based on where their salary falls within their pay level; additionally, the supervisor has an option of recommending up to a 2-percent bonus. Head of Subcareer Service approves.

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Example

The DO is allocated funds for incentive pay for the Operations Officers. On the basis of the guidelines, the evaluation panels convened at the component level would rank and recommend incentive pay for Level II Operations Officers:

Performance Group	Employee	Ranking	Percent Incentive Pay
Outstanding	K. Jones	1	12
	M. Boyd	2	12
	.	.	.
	.	.	.
	P. Smith	44	10
	M. Edwards	45	10
	T. Long	46	9
	B. Roberts	47	8
	.	.	.
	.	.	.
Superior	G. Hamel	55	7
	Y. Wallus	56	7
	.	.	.
	.	.	.
	P. Brown	125	6
	A. Deshay	126	6
	.	.	.
	.	.	.
Fully Satisfactory	N. Flowers	150	*
	M. Janus	151	*
	.	.	*
	.	.	*
	C. Peters	200	*
	R. Diver	201	*
	.	.	*
	.	.	*

*Scheduled increase depends on employee's salary:

3 percent if salary is in first quartile** of pay range.

2 percent if in second quartile.

1 percent if in third or fourth quartile.

Plus optional bonus up to 2 percent.

**Each pay level of the Agency's pay schedule is divided into four sections, called quartiles. For example, Level II Ops Officers fall into Pay Level 16 (\$32K to \$48K). The following shows the quartiles of that pay level:

//	First	/	Second	/	Third	/	Fourth	//	Quartile
	\$32K		\$36K		\$40K		\$44K		\$48K

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Incentive Pay Processing

Payroll automatically allocates the incentive pay between a bonus and a permanent increase based on the employee's location in the pay level. Payroll determines the amounts from an Incentive Pay Grid:

Incentive Pay Grid

	Quartile Location in Pay Range			
Performance Ranking	1st	2nd	3rd	4th
Outstanding	50% B	60% B	60% B	70% B
	50% P	40% P	40% P	30% P ^a
Superior	50% B	67% B	67% B	83% B
	50% P	33% P	33% P	17% P ^a
Fully satisfactory	100% P	100% P	100%	100% P ^a
	(Scheduled permanent increase of 3, 2, 1 percent) Plus optional bonus up to 2 percent			
Below fully satisfactory	Permanent increase allowed up to 1 percent below midpoint, at discretion of management			
Note: B = bonus; P = permanent increase.				
^a If an employee is at the top of a pay range, incentive pay is awarded totally as a bonus; no permanent increase.				

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Example A

C. Peters, who ranked number 200 in the annual panel evaluation (see block 10) and who was placed in the "Fully Satisfactory" performance group, is a Level II Ops Officer earning \$33K annually. Because the officer's annual salary (\$33K) falls into the first quartile of the employee's pay level, the Ops Officer receives a 3-percent permanent salary increase. The new salary is \$33K + \$990 = \$34K. The employee is also awarded a 2-percent bonus during this exercise (.02 x \$33K = \$660 cash bonus).

Old \$33K	New Salary \$34K				
// -----	/ -----	/ -----	/ -----	// Pay Level	
\$32K		40K	\$48K		
// First	/ Second	/ Third	/ Fourth	// Quartile	

12

Example B

P. Smith, who ranked number 44 in the annual panel evaluation (see block 10) and who was placed in the "Outstanding" performance group, is a Level II Ops Officer earning \$39K annually. Because the officer's annual salary (\$39K) falls into the second quartile of the employee's pay level, the incentive pay is split 60/40 between bonus and permanent increase. The Ops Officer receives a bonus of \$2,340, (.06 x \$39K = \$2,340) and a permanent salary increase of \$1,560, (.04 x \$39K = \$1,560). The new salary is \$39K + \$1,560 = \$40.6K.

Old \$39K	New Salary \$40.6K				
// -----	/ -----	/ -----	/ -----	// Pay Level	
\$32K		40K	\$48K		
// First	/ Second	/ Third	/ Fourth	// Quartile	

13

14

Example

15

// ----- / ----- / ----- / ----- //
 \$37K \$46K \$55K
 // First / Second / Third / Fourth // Quartile

16

Performance Group	Old + 5%	= New Incentive Pay
Outstanding	8-12%	13-17%
Superior	4-7%	9-12%
Fully satisfactory	3, 2, 1%	8, 7, 6% + optional up to 2% bonus

NOTES

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